



2006-2007

## ANNUAL REPORT

MOVE FORWARD WITH US



Bobby and Ronnie inside Igloo Shelter

Cover: Bobby Klengenberg, Ronnie Akhok, Brent Nakashook and Dennis Kaamayok



## Letter of Transmittal

This annual report is respectfully submitted to the Minister Responsible for Nunavut Arctic College. The report includes the college's financial statements as well as highlights of activities and major accomplishments for the fiscal year July 1<sup>st</sup> 2006- June 30<sup>th</sup> 2007.

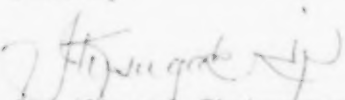
Nunavut Arctic College's financial situation is much improved over previous years. The college now has a surplus and continues to work at strengthening financial management systems and improving accountability. During the academic year for 2006 – 2007, the board dealt with many of the priorities established for the college by the Government of Nunavut in Pinasauqtavut. I am pleased to note that good progress is being made with respect to the development of the Trade School in Rankin Inlet. In addition, due to the strong partnerships that exist with various organizations across the territory the college has been able to deliver academic and employment related programs in every community.

Nunavut Arctic College continues to grow and mature as a post secondary institution committed to meeting the educational and training needs of Nunavummiut. Significant accomplishments by the board this past year include approving a new five year corporate plan, recommending to the Minister new admissions requirements for NAC certificate and diploma programs and updating the college's capital plan.

In March 2007, a number of new members were appointed to the board and an orientation session was held for them in Iqaluit. At the board meeting in March a new Chair, Vice Chair were elected and new committees struck. My fellow board members and I are aware of the important role the Board of Governors plays in providing overall leadership and direction to the college and ensuring that programs offered are culturally relevant and widely accessible.

The board is committed to working with you as Minister Responsible for Nunavut Arctic College so that we can continue to build a stronger college and expand programs and services across the territory. We appreciate the support you have provided Nunavut Arctic College during your tenure as our minister.

Sincerely



Jose Kusugak, Chairperson  
Nunavut Arctic College

## President's Report

Enrollment in Nunavut Arctic College (NAC) programs for 2006 -2007 remained steady at 1241 which is close to the same level as the previous year. The college continues to work with its partner organizations across the territory to ensure Nunavummiut have access to the education and training programs needed to take advantage of the many employment opportunities available in Nunavut.

Nunavut Arctic College is well positioned to offer programs in communities across this territory through its regional campuses in Iqaluit, Rankin Inlet and Cambridge Bay as well as through the network of Community Learning Centres in 24 of 26 communities in Nunavut. The Nunavut Research Institute (NRI) continued its work as the lead agency for science, research and technology at its two locations in Iqaluit and Igloolik. The Academic Affairs, Corporate Services and Financial Services divisions located at the Head Office in Arviat provided valuable support to the regional campuses and NRI during the past year. A new Director of Corporate Services was hired in September 2006. In 2006, the Office of the President was re-established in Iqaluit.

The college continued to make progress in meeting the objectives set out in the Letter of Expectation received from the Minister Responsible for Nunavut Arctic College as well as the college's own Business Plan. In the fall of 2006 as part of our commitment to improving communications and accountability, numerous documents were tabled in the legislative assembly including; NAC's response to the Review of the Standing Committee on Health and Education of Nunavut Arctic College, results from NAC's most recent Graduate Placement Survey, response to the Letter of Expectation received from the minister and the college's Annual Report.

One of the main priorities set for the college in Pinasauqtavut was to establish a Trade School in the territory. The main facility will be located in Rankin Inlet. A working group struck last spring has completed a program plan and is coordinating plans for the construction of the centre. In January 2007 a Director of Trades, Mining and Transportation was hired to manage the set up of the Trades School. A project brief has been prepared and a tender for the design of the facility will be released in the summer of 2007. A lot for the facility has been obtained from the Hamlet of Rankin Inlet and construction is expected to commence in the spring of 2008.

A major accomplishment this past year was the completion of Nunavut Arctic College's new five year Corporate Plan. The completion of plan was the result of several months work by NAC staff and management team. The plan, approved by the Board of Governors at the regular board meeting held in Rankin Inlet in June 2007, identifies major goals for the college over the next five years and a number of strategies to achieve them. The plan has now been forwarded to Minister Responsible for Nunavut Arctic College for further review and approval.

The Academic Affairs division continued to grow and expand services it provides to staff and external groups. The library staff continued the work of expanding library services across the territory. Library staff was also involved in coordinating the development of a new web site which was launched in March 2007. The Customized Training division

was transferred to Academic Affairs this past year as a way of streamlining program planning and ensuring academic standards for third party funded programs are adhered to. As a result of the efforts of the Director of Academic Affairs Nunavut Arctic College has received funding from Human Resource Services Development Commission (HRSDC) to develop culturally appropriate tools for Prior Learning Assessment and Recognition (PLAR). The project is for \$ 4 Million and will last three years.

The Corporate Services division was strengthened in 2007 with the hiring of a new Director for the division in September. In addition a new Coordinator of Information Technology was hired to work from the Head Office in Arviat. Plans are also underway to add a Public Relations position to the division during the next academic year. The current agreement between Nunavut Arctic College and the Department of Community and Government Services to outsource the maintenance of our IT systems was extended for two more years. The Director of Corporate Services oversaw a number of important initiatives during the year including; finalizing the 5 year Corporate Plan, updating the Inuit Employment Plan, revising NAC's capital plan and working with the Department of Human Resources on matters relating to the upcoming Nunavut Employees Union (NEU) negotiations.

As a result of the combined efforts of the Financial Services and Corporate Services divisions NAC was able to table its Annual Report with the Minister Responsible for Nunavut Arctic College within the extension period given by the Minister of Finance. The Chief Financial Officer (CFO) continued to make many other improvements to strengthen financial systems and improve accountability. Monthly financial reports are provided to senior managers and detailed quarterly reports are prepared for presentation to the Board of Governors. Last year for the first time NAC's Program and Services Plan was tabled in the Legislative along with the Business Plans of other GN departments and crown agencies. The budget for 2007-2008 was prepared by the CFO and presented to the Board of Governors for approval at the June meeting. Preparing for the year end audit took considerable amount of time leading up to the on site audit in July 2007. The financial statements this year shows that the college has increased its surplus and is now in a much stronger financial position than it has been in recent years.

The Nunavut Research Institute (NRI) has been busy preparing for the International Polar Year (IPY) which was launched in March 2007. NRI has been designated as the northern node for IPY and as a result NRI staff will be providing information on IPY and assisting visiting researchers on research projects. NRI has also been active, through its operation in Igloolik, in research and documenting Inuit Qaujimaqatugangit. Last year NRI released a CD Rom entitled Anijaarniq which provides information on traditional land based skills and traditional knowledge.

Nunavut Arctic College had a successful year during 2006-2007 as a result of the combined efforts of staff throughout the college including at our regional campuses, community learning centres, Nunavut Research Institute and Head Office. I would like to acknowledge and thank all Nunavut Arctic College employees for their hard work and dedication this past year. Highlights of activities for the regional campuses and NRI are included in this report.



In October 2006 I notified the Board of Governors that I would be retiring effective August 1<sup>st</sup> 2007. Next year will mark another new beginning for Nunavut Arctic College with the hiring of a new President planned for early in the new academic year. I would like to express my thanks to the Minister Responsible for Nunavut Arctic College, members of the Board of Governors, Senior Management team and staff who have supported me over the past five years. I will be taking with me many fond memories of my time in Nunavut.

Sincerely

Malcolm Clendenning  
President  
Nunavut Arctic College



## **Campus Highlights**

### **Kivalliq Campus**

The Kivalliq Campus is responsible for programming at the regional campus headquarters in Rankin Inlet and the Community Learning Centers throughout the Kivalliq Region. In 2006-2007, a total of 248 (full time equivalent) students were enrolled in College programs. Strengthening programs and building training capacity was the main activity of the Campus this past year.

#### **Highlights**

- The Maternity Care Worker Certificate Program and Midwifery Diploma programs continue to be developed. The Maternity Care Worker Certificate saw five graduates in the first year of this pilot project. The Midwifery program is completing its pilot delivery and will be finalized in the coming academic year. The Department of Health and Social Services has committed to delivering the program in all regions of Nunavut in the next three years and has been able to identify person years to support employment of the graduates.
- During the first year of delivery the Community Aerodrome Radio Services Observer Communicator program, there were 21 graduates prepared to staff positions at Nunavut airports. This program is in partnership with the Government of Nunavut and Nav Canada.
- The Nunavut Trades Training Centre development continues for a fall of 2009 opening. The project briefing book was prepared and curriculum is being developed. The Director of Trades Transportation and Mining Programs was hired and is working to complete the partnerships and training contracts for the new centre.
- The Office Administration Certificate Program and the Management Studies Certificate and Diploma had a record number of graduates totaling 23. These students come from all over Nunavut and employment of the graduates is very high.
- The campus celebrated a milestone in the IEP and has staffed 100% with beneficiaries as Adult Educators and part time instructors in the region. For the first time this year a regional staff meeting and curriculum development meeting was held entirely in Inuktitut and focused on the growth of culturally appropriate programming.
- The Campus continues to work at funding and supporting preparatory training in the mining industry as a priority for Kivalliq residents. We are worked with the Kivalliq Inuit Association to provide training under their historic IIBA agreement with the Meadowbanks project north of Baker Lake.
- Kivalliq Community Learning Centres delivered Pre Employment, Pre Trades, Municipal Training Organization courses and GN staff training in all locations. Arviat celebrating a graduating class of 14 from the Bachelor of Education Program with NTEP.



## Kitikmeot Campus

The Kitikmeot Campus is responsible for programming at the regional campus in Cambridge Bay and Community Learning Centres throughout the Kitikmeot Region. In 2006-2007, the Kitikmeot Campus had a total enrolment of 246 FTE (full time equivalent) students.



### Highlights

- The Human Services program graduated two students from the one year certificate and three from the two year diploma program.
- Adult Basic Education (ABE) programs were delivered in Cambridge Bay, Kugluktuk and Taloyoak. It was offered for one semester in Kugaaruk.
- Pre-Trades programs were offered successfully in Kugaaruk, and Kugluktuk with funding from the MTO and Nunavut Housing Trust.
- A number of professional development courses as well as language courses were offered in conjunction with the Department of Human Resources in various communities in the region.
- Municipal Training Organization (MTO) courses were also offered in each community in the Kitikmeot region to complete the three year delivery scheduled. Kugaaruk hosted a graduation ceremony for the first students in Nunavut to complete the program.
- An Office Administration Certificate and Diploma programs were offered in Cambridge Bay with funding from the Department of Education and Kitikmeot Economic Development Corporation with eleven graduates from both programs.
- In Taloyoak, six students graduated with Office Administration Certificates in December and also completed one semester towards their Diploma.
- Gjoa Haven offered a Pre-Employment Course. This program had fifteen students enrolled and working on job skills.
- Gjoa Haven graduated ten students from the Office Administration Certificate Program.

## Nunatta Campus

The Nunatta Campus is responsible for programming at the campus in Iqaluit and the Community Learning Centres throughout the Baffin Region. There were 747 (full time equivalents) enrolled in College programs in 2006-2007.



### Highlights

- Computer Systems Technician Diploma Program started in January 2007 with Community Government & Services and Kakivak Association are funding the program delivery.
- The Campus has a new partnership with the Faculty of Education, University of Regina for the delivery of the Bachelor of Education with Nunavut Teacher Education Program.
- Sixteen students graduated with their Bachelor of Education in Arviat and Iqaluit in June from NTEP. There are two graduating students with a diploma and one with a certificate in Classroom Support Assistant. There were a total of nineteen students graduating from NTEP in June.
- Five nursing graduates from the 2006 class wrote their Canadian Registered Nurse Examination (CRNE) and all five passed.
- Four students in the Arctic Nursing program were awarded degrees from Dalhousie University at the June graduation ceremony.
- The jewellery exhibition - Quvianaqtuqattaqqaa - was held at the Iqaluit Museum, from June 2<sup>nd</sup> to 30<sup>th</sup>. An opening ceremony was well attended by the public.
- A graduate student went to Paris for two weeks in May to teach Inuktitut at the Institut National des Langues et Cultures Orientales (INALCO), thanks to a bursary from News North.
- Students and faculty from the Language and Culture program made a presentation at the International Inuit Studies conference in Paris in October 2006.
- The Department of Health and Social Services has confirmed funding for a second delivery of the Mental Health Care worker program. Students from the first intake are scheduled to graduate in December 2007.
- The Nunatta campus hosted the Elderhostel conference from June 21<sup>st</sup> to 27<sup>th</sup>.
- A total of 73 students graduated from 12 communities under Community Programs.
- Tendering is under way for a new student residence in Iqaluit.

## **Nunavut Research Institute**

The mission of the Nunavut Research Institute is to provide leadership in developing, facilitating and promoting traditional knowledge, science, research and technology as a resource for the well-being of people in Nunavut.

NRI acts a broker on behalf of Nunavut community groups and individuals, provides information on research projects in a wide variety of areas, provides advice on research programs, and can assist in the development of project proposals for submission to funding agencies.

The Institute has developed positive working relationships with many universities and government agencies that conduct research in Nunavut.

### **Highlights**

- Continued IQ collection, translation and documentation at the Igloolik Research Centre
- Completion of 123 research licenses
- Continued participation on climate change impacts and adaptation research
- Continued participation in the Northern Contaminants Program (D:AND)
- Continued a plan for field collection of stream invertebrates
- Received financial support from NSERC/SSHRC Indirect Costs Program
- Continued Simply Science program to bring scientists and science educators to Nunavut schools
- Hosted the interim Northern Node for the Canadian Polar Year Program
- Provided logistical support for visiting researchers
- Monitored the Iqaluit geomagnetic station
- Ran successful Science and Computer camp for youth with Actua
- Initial host for the Arctic Health Research Network
- Produced the tradition knowledge CD Anijaarniq
- Updated and improved the website and the processing of on-line forms
- Participated in the Social Economy Research Network for Northern Canada
- Employed a beneficiary summer student

## Professional Development

The College annually sets aside a percentage of instructors' salaries as required by the Collective Agreement to support Professional Development (PD) activities. In 2006/2007, the College's Professional Development Committee was very active in promoting and supporting professional development activities. Two staff members were also granted and successfully completed PD activities.

The Professional Development fund represents the accumulated annual provision for professional activities, less accumulated eligible professional development expenses. The balance of the fund at the end of the year was \$271 thousand representing a net decrease of \$61 thousand from the previous year balance.



## **Board of Governors**

Nunavut Arctic College is responsible through the Board of Governors to the Minister, Responsible for Nunavut Arctic College. The Board of Governors determines policies respecting the administration of the College, including the Nunavut Research Institute. The Board of Governors recommends priorities to the Minister for courses and programs that may be established by the Minister, ensures that for each fiscal year an estimate of the revenues and expenditures of the College is prepared and presents budgets to the Minister in accordance with Part IX of the Financial Administration Act.

Nunavut Arctic College has the following Committees: Executive Committee, Finance Committee, Policy & Programs Committee, and a Nunavut Research Council.

Board of Governors for 2006/2007

### **Jose Kusugak**

Member – Kivalliq Region

Chairperson of the Board of Governors

Member of the Executive Committee and Finance Committee

### **Uriash Puqignak**

Member – Kitikmeot Region

Vice Chairperson of the Board of Governors

Member of the Policy and Programs Committee

### **Vacant**

Member - Kivalliq Region

### **Lallie Idlout**

Member - Baffin Region

Member of Finance Committee

### **Grant Newman**

Member - Kitikmeot Region

Chairperson of the Finance Committee

### **Reanna Sateana**

Student Representative

Member of the Policy and Programs Committee

### **Zilliah Piallaq**

Staff Representative

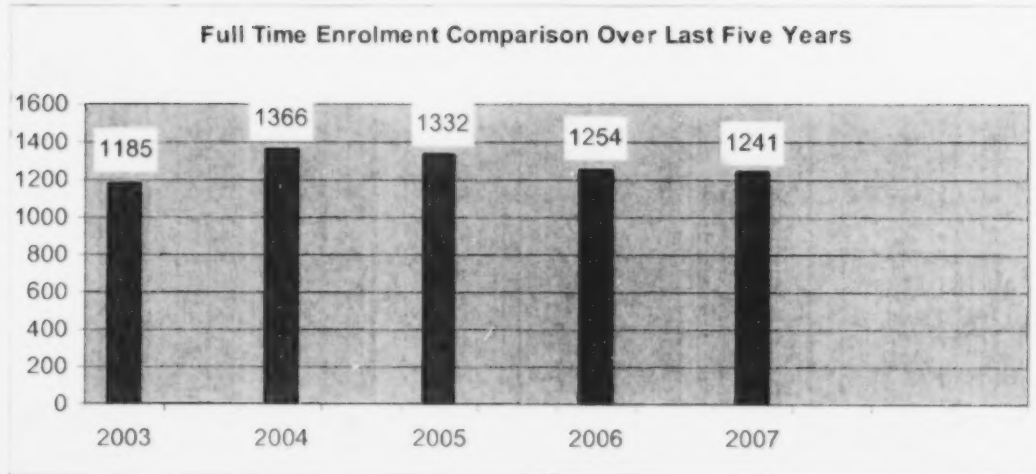
Member of the Policy and Programs Committee

### **Frank Pearce**

Member - Baffin Region

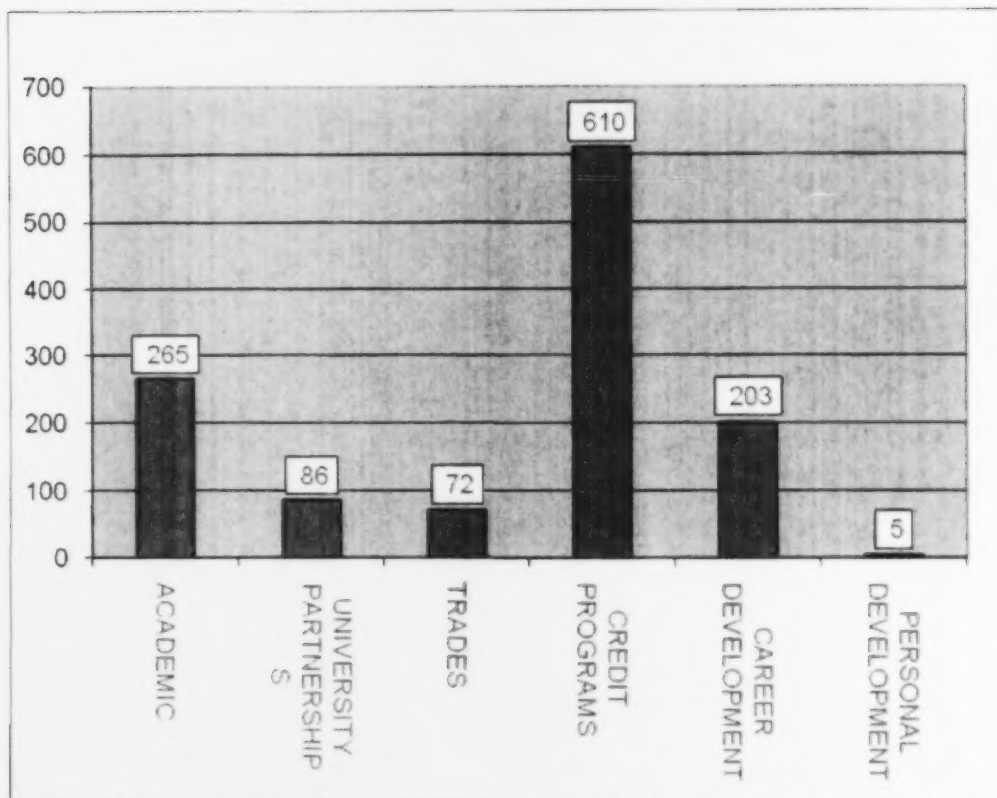
Chairperson of the Policy and Programs Committee

## FROM THE YEAR 2003 to 2007

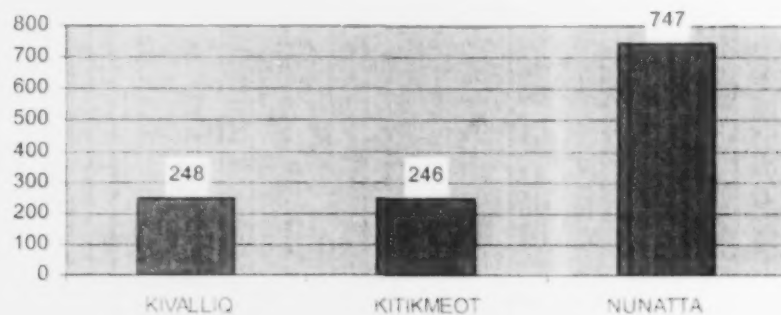




### Full Time Enrolment by Division and Campus For The Academic Year 2007



### Full Time Enrolment by Campus



**FINANCIAL STATEMENTS**  
June 30, 2007

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

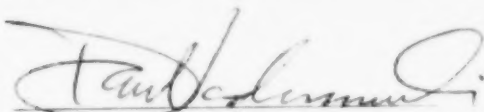
The accompanying financial statements of the Nunavut Arctic College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed and approved by the Board of Governors. The financial statements include some amounts, such as the allowance for doubtful accounts receivable and the provision for employee future benefits that are necessarily based on management's best estimates and judgement.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Finance Committee, which is composed of a majority of Governors who are not employees of the College. The Finance Committee meets periodically with management and the external auditors, who have full and free access to the Finance Committee.

The College's external auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the College and for issuing her report thereon.



Daniel Vandermeulen  
President

Date : August 31, 2007



Marcelo Parungao  
Interim Bursar / Chief Financial Officer

Date : August 31, 2007



Auditor General of Canada  
Vérificatrice générale du Canada

## AUDITOR'S REPORT

To the Minister of Education

I have audited the balance sheet of Nunavut Arctic College as at June 30, 2007 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the College, the financial statements are in agreement therewith and the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Public Colleges Act* and regulations and the by-laws of the College.

Julie Charron, CA  
Principal  
for the Auditor General of Canada

Ottawa, Canada  
August 31, 2007

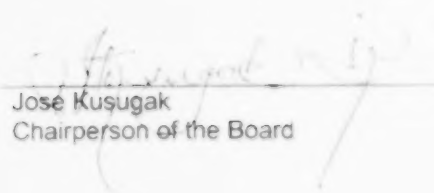
**BALANCE SHEET**  
as at June 30  
(thousands)

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Current:		
Cash	\$ 1,483	\$ 773
Short-term investments (Note 3)	16,053	14,092
Net accounts receivable (Note 4)	2,526	3,043
Prepaid expenses	119	61
	<u>20,181</u>	<u>17,969</u>
Equipment, furniture and building improvements (Note 5)	421	395
	<u>\$ 20,602</u>	<u>\$ 18,364</u>
<b>Liabilities</b>		
Current:		
Accounts payable and accrued liabilities	\$ 1,138	\$ 1,448
Due to the Government of Nunavut	3,781	3,561
Deferred government contributions (Note 8)	11,953	11,784
Deferred income	1,237	153
	<u>18,109</u>	<u>16,946</u>
Professional development fund (Note 6)	271	332
Employee future benefits (Note 7)	961	720
	<u>19,341</u>	<u>17,998</u>
Retained Earnings	1,261	366
	<u>\$ 20,602</u>	<u>\$ 18,364</u>

Commitments (Note 11)

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

  
Jose Kusugak  
Chairperson of the Board

**STATEMENT OF OPERATIONS AND RETAINED EARNINGS**  
for the year ended June 30  
(thousands)

	<u>2007</u>	<u>2006</u>
<b>Revenues:</b>		
Contract income (Note 9)	\$ 7,673	\$ 6,661
Room and board	799	641
Tuition fees	713	679
Miscellaneous revenue & recoveries	631	551
Investment income	<u>427</u>	<u>300</u>
	<u>10,243</u>	<u>8,832</u>
<b>Expenses:</b>		
Salaries and employee benefits (Note 7)	16,868	16,084
Fees and professional services	4,584	4,582
Buildings and utilities	4,065	3,488
Travel	1,557	1,327
Housing	1,159	1,210
Materials and supplies	899	807
Furniture and equipment	390	487
Telecommunications	275	252
Advertising and promotion	369	263
Bad debts	287	39
Freight and postage	213	186
Contributions to the Professional Development Fund (Note 6)	146	131
Amortization	<u>65</u>	<u>78</u>
	<u>30,877</u>	<u>28,934</u>
<b>Net loss before government contributions</b>	(20,634)	(20,102)
<b>Government contributions (Note 8)</b>	<u>21,529</u>	<u>20,778</u>
<b>Net income after government contributions</b>	895	676
<b>Retained earnings (deficit), beginning of year</b>	<u>366</u>	<u>(310)</u>
<b>Retained earnings, end of year</b>	<u>\$ 1,261</u>	<u>\$ 366</u>

The accompanying notes are an integral part of the financial statements.



**STATEMENT OF CASH FLOWS**  
**for the year ended June 30**  
**(thousands)**

	<u>2007</u>	<u>2006</u>
Cash provided by (used for) operating activities:		
Cash provided by government contributions	\$ 16,250	\$ 21,884
Cash provided by contracts	9,440	5,851
Cash provided by other sources of income	2,400	2,051
Cash used in operations	<u>(25,344)</u>	<u>(33,527)</u>
Net cash provided by (used for) operating activities	<u>2,746</u>	<u>(3,741)</u>
Cash used for investing activities:		
Investments purchased	(18,000)	(14,055)
Investments disposed	16,055	14,500
Purchase of equipment, furniture and building improvements	<u>(91)</u>	<u>(72)</u>
Net cash provided by (used for) investing activities	<u>(2,036)</u>	<u>373</u>
Net increase (decrease) in cash	710	(3,368)
Cash, beginning of year	<u>773</u>	<u>4,141</u>
Cash, end of year	<u>\$ 1,483</u>	<u>\$ 773</u>

The accompanying notes are an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

### 1. THE COLLEGE

#### a) Authority and Purpose

The Nunavut Arctic College ("the College") is a Schedule B Public Agency as listed in the *Financial Administration Act* (FAA) and, accordingly operates in accordance with Part IX of the FAA and the *Public Colleges Act*. The College is exempt from income taxes.

The purpose of the College is to provide a wide variety of educational services to adult learners. The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities across Nunavut. Through the work of the Nunavut Research Institute, the College is also responsible for the facilitation and preparation of scientific research activity in Nunavut.

#### b) Contributions from the Government of Nunavut

The College receives contributions from the Government of Nunavut as set out in the Government's Main Estimates and adjusted by supplementary appropriations. The contributions are to be utilized for the administration and delivery of the College's adult and post-secondary education programs in Nunavut. The College is allowed to retain all surpluses and is responsible for all deficits.

The College is economically dependent upon the contributions received from the Government for its ongoing operations.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A summary of significant accounting policies follows:

#### a) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. Significant management estimates include the allowance for doubtful accounts receivable and the provision for employee future benefits.

**b) Short-Term Investments**

Short-term investments, which are carried at cost as they are intended to be held to maturity, are comprised of marketable securities with original maturity dates of more than 90 days but less than 12 months.

**c) Contributions from the Government of Nunavut**

Base Contributions

The College accrues its base contribution from the Government of Nunavut into income on a straight-line basis. The base contribution is set out in the Government's Main Estimates. Base contributions received in excess of amounts accrued are recorded as deferred government contributions. Supplementary contributions are recorded when receivable.

Services Provided Without Charge

The Government provides certain services without charge to the College. The estimated value of these services is recorded as government contributions – services provided without charge, and included in the expenses.

**d) Contract Income**

The College enters into contracts with private companies, federal and territorial government departments, agencies and Crown corporations to develop and deliver courses across Nunavut. Payments received under these contracts for which the development and delivery of courses is not completed are recorded as deferred contract income.

**e) Equipment, Furniture and Building Improvements**

Equipment, furniture and building improvements transferred to the College from the former Arctic College and the Nunavut Research Institute, effective January 1, 1995 were recorded at their estimated fair market value at that date. Subsequent acquisitions are recorded at cost. Equipment, furniture, and building improvements are amortized over their estimated useful lives on a straight-line basis at the following annual rates:

Computers and printers	25%
Furniture and equipment	10%
Building improvements	5%
Mobile equipment	10%

**f) Employee Leave Benefits**

The College's employees are entitled to annual leave under the terms of employment. The liability for employee leave benefits is recorded as the benefits accrue to employees.

#### **g) Employee Future Benefits**

##### Pension Benefits

Eligible employees of the College participate in the Public Service Pension Plan administered by the Government of Canada. The employees and the College contribute to the cost of the Plan. The College's contributions to the plan reflect the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions and may change from time to time depending on the experience of the Plan. These contributions are charged to expenditures on a current year basis, and represent the total pension obligation of the College. The College is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Account.

##### Non-Pension Benefits

Under the conditions of employment, eligible employees may earn non-pension benefits for resignation, retirement and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service and has been determined based on management's assumptions and best estimates. The College provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and community of residence. These benefits represent the only obligation of the College that entails settlement by future payment.

#### **h) Future Accounting Changes**

The Canadian Institute of Chartered Accountants issued three new guidelines on accounting for financial instruments.

Section 3855 – Financial Instruments – Recognition and Measurement. This standard establishes criteria for the recognition, derecognition, measurement and classification of financial instruments.

Section 1530 – Comprehensive Income. This standard requires certain gains and losses such as those arising from the valuation of financial instruments; that would otherwise be recorded as part of net income, be presented in other comprehensive income until such a time as it is considered appropriate for them to be recognized in net income.

Section 3865 – Hedges – Derivatives will be classified as held for trading unless designated as hedging instruments. All derivatives will be measured at fair value. For derivatives that hedge the changes in the fair value of an asset or liability, changes in the derivatives' fair value will be reported in the net income and offset by changes in the fair value of the hedged asset or liability.

The three new standards on accounting for financial instruments will be in effect for the College's 2007-2008 fiscal year at the latest. They require the College to review the form and elements of its income statement, review how it measures and recognizes financial assets and liabilities. Management has not yet fully assessed the impact of these accounting standards on its financial statements.

### 3. SHORT-TERM INVESTMENTS

The average yield of the portfolio held as of June 30, 2007 is 4.05% (2006 - 4.0%). The average term to maturity is 297 days (2006 - 365 days).

The College invests in the short-term money market and securities. These are limited to those that are 100% guaranteed by the Government of Canada.

### 4. NET ACCOUNTS RECEIVABLE

<i>(thousands)</i>	<u>2007</u>	<u>2006</u>
STUDENT RECEIVABLE		
Government of Nunavut	\$ 519	\$ 896
Student Tuition	<u>573</u>	<u>572</u>
	1,092	1,468
CONTRACTS RECEIVABLE		
Government of Nunavut	1,676	1,692
Others	<u>802</u>	<u>642</u>
	2,478	2,334
SUNDRY RECEIVABLE		
Government of Nunavut	3	3
Sundry	<u>122</u>	<u>120</u>
	125	123
TOTAL RECEIVABLE	3,695	3,925
Less: Allowance for doubtful accounts	<u>(1,169)</u>	<u>(882)</u>
	\$2,526	\$3,043

There is no concentration of accounts receivable with any customer, except the Government of Nunavut - \$2,198,000 (\$2,591,000 for 2006).

With respect to Section 82 of the Financial Administration Act, no consideration of write-offs of uncollectible accounts by the Board of Governors was required during the year (2006-nil) as no amounts were deemed uncollectible. As a result, no amount is recorded in these financial statements in respect of write-offs.

## 5. EQUIPMENT, FURNITURE, AND BUILDING IMPROVEMENTS

(thousands)	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computers and printers	\$ 343	\$ 288	\$ 55	\$ 15
Furniture and equipment	654	524	130	155
Building improvements	210	87	123	133
Mobile equipment	351	238	113	92
	<u>\$ 1,558</u>	<u>\$ 1,137</u>	<u>\$ 421</u>	<u>\$ 395</u>

## 6. PROFESSIONAL DEVELOPMENT FUND

The College is required, under the Nunavut Employees Union Collective Agreement to contribute an amount equivalent to 3% (2006 - 3%) of instructors' salaries for professional development activities. Contributions to the professional development liability fund were \$146,000 (2006 - \$131,000) and this amount is recorded as an expense in the Statement of Operations.

The professional development liability represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses.

(thousands)	2007	2006
Opening fund balance	\$ 332	\$ 486
Add: Contribution	146	131
Interest Earned	8	10
Less: Expenditures	<u>(215)</u>	<u>(295)</u>
Closing fund balance	<u>\$ 271</u>	<u>\$ 332</u>



## 7. EMPLOYEE FUTURE BENEFITS

### Pension

The College and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The College's and employees' contributions to the Public Service Pension Plan for the year were as follows:

<i>(thousands)</i>	<u>2007</u>	<u>2006</u>
College's contributions	\$ 1,158	\$ 1,178
Employee's contributions	541	551

### Non-Pension

The College provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and community of residence. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Future benefits will be paid out of future appropriations. The accrued obligations at year end are as follows:

<i>(thousands)</i>	<u>2007</u>	<u>2006</u>
Severance & retirement		
Accrued obligation, beginning of year	\$ 358	\$ 286
Add : Expense for the year	331	72
Less : Benefits paid	<u>(48)</u>	<u>-</u>
Accrued obligation, end of year	641	358

### Removal

Accrued obligation, beginning of year	362	338
Add : Expense for the year	60	187
Less : Benefits paid	<u>(102)</u>	<u>(163)</u>
Accrued obligation, end of year	320	362
	<u>\$ 961</u>	<u>\$ 720</u>

## 8. GOVERNMENT CONTRIBUTIONS

<i>(thousands)</i>	<u>2007</u>	<u>2006</u>
Contributions received from the Government of Nunavut	\$ 16,250	\$ 21,884
Deferred revenue, Current year	(11,953)	(11,784)
Deferred revenue, Prior year	11,784	6,357
Changes in accounts receivable	<u>-</u>	<u>(499)</u>
Current year Contribution from Government of Nunavut	16,081	15,958
Services provided without charge	<u>5,448</u>	<u>4,820</u>
	<u>\$ 21,529</u>	<u>\$ 20,778</u>

Deferred government contributions of \$11,953,000 (2006 -\$11,784,000) represents contributions from the Government of Nunavut for the 2007/08 fiscal year base expenditures that were received in 2006/07.

## 9. RELATED PARTY TRANSACTIONS

The College is related in terms of common ownership to all Government created departments, agencies and Crown corporations. The College enters into transactions with these entities in the normal course of business at normal trade terms. These transactions were as follows:

### Contract Income

Of the \$7,673,000 of contract income earned in the year, \$4,707,000 (2006 - \$4,389,000) is for courses delivered on behalf of the Government of Nunavut.

### Services Provided Without Charge

The College received payroll processing, insurance and risk management services, human resources, employee benefits and information technology services without charge from the Government. The College also receives, without any rental charges, the use of facilities for its campuses, head office, student housing units and community learning centres. The Government's amortization expenses for these assets have been used as the basis for the estimated cost of the use of these facilities. In addition, effective July 1, 2005, responsibility for the utilities for the buildings the College occupied was transferred from the College to the Government of Nunavut.

<i>(thousands)</i>	<u>2007</u>	<u>2006</u>
Employee benefits	\$ 712	\$ 695
Use of facilities	3,882	3,383
Payroll processing and other services	<u>854</u>	<u>742</u>
	<u>\$ 5,448</u>	<u>\$ 4,820</u>

## 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The transactions related to accounts receivable, accounts payable and accrued liabilities and the amounts due to the Government are incurred in the normal course of business. The carrying amounts of each of these accounts approximate their fair value because of their short-term maturity.

## 11. COMMITMENTS

In addition to the facilities provided by the Government, the College has operating leases and service agreements for student accommodation, office equipment and other services and is committed to the following basic payments over the next three years:

*(thousands)*

2008	\$	618
2009		54
2010		<u>2</u>
	\$	<u>674</u>

## 12. GUARANTEES

Other indemnification agreements.

In the normal course of operations, the College signs agreements whereby funds are provided to the College for the execution of projects which are subject to restrictions as to the use of funds. The sponsors of these projects can execute an audit of the financial records of the College to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

